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RUEHUL/AMEMBASSY SEOUL 1774
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RUEKJCS/DIA WASHDC 0057
RUCPDO/DEPT OF COMMERCE WASHINGTON DC 0778
RHHJJAA/JICPAC PEARL HARBOR HI 0021
RUCGEVC/JOINT STAFF WASHDC 0034
RHEHAAA/NSC WASHDC
RHMFISS/SACINCUNC SEOUL KOR
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C O N F I D E N T I A L SECTION 01 OF 03 SHENYANG 000244

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DEPARTMENT FOR EAP/CM, EAP/K, PRM
MOSCOW PASS VLADIVOSTOK

E.O. 12958: DECL: TEN YEARS AFTER KOREAN UNIFICATION
TAGS: [PREL](#) [PREF](#) [PINR](#) [KN](#) [KS](#) [CH](#)
SUBJECT: PRC-DPRK: UPDATE ON NK REPATRIATIONS/ASYLUM-
SEEKERS; SMUGGLING; DPRK FOOD SHORTAGE CONCERNS; BORDER
TRADE

REF: A. (A) SHENYANG 205
[1](#)B. (B) SHENYANG 178 AND PREVIOUS

Classified By: CONSUL GENERAL STEPHEN WICKMAN. REASONS:
1.4(b)/(d).

[1](#)1. (C) SUMMARY: PRC border officials in Baishan tell us that they continue to apprehend and repatriate North Korean border-crossers in their jurisdiction. Japan's Shenyang Consulate is now home to seven North Korean asylum-seekers, including two young children. North Korean authorities near Sinuiju have launched an apparent crackdown on cross-border commodity smuggling, with border guards conducting house-to-house searches opposite Dandong, in a campaign that Chinese smugglers say has had minimal effect on their operations. Contacts in Jilin Province have expressed growing concern about food shortages in the DPRK, one official noting that a North Korean delegation traveled to Changchun in late October requesting food aid from the Jilin provincial government. PRC-DPRK trade transiting Dandong this year is on track for a double-digit increase, according to a trade official in the border city, a conduit for over half of all official PRC-DPRK trade. END SUMMARY.

[1](#)2. (C) Poloff traveled to several points along the wintry PRC-DPRK border in late October and November, including: Baishan (October 31-November 1), just south of the Yanbian Korean Autonomous Prefecture; Linjiang (November 1), across from Chunggang, DPRK; and Dandong (November 7-8), opposite Sinuiju. The following thematic update draws on site visits and conversations with government officials there, as well as on discussions with Korea specialists in Shenyang (October 30) and Changchun (November 5-6), capital of Jilin Province.

NORTH KOREAN BORDER-CROSSERS: BAISHAN AND SHENYANG

[1](#)3. (C) Baishan--which administratively supervises a sprawling, key stretch of the PRC-DPRK borderlands that includes Changbai and Linjiang--continues to find and repatriate North Koreans that have crossed the border into

its jurisdiction, according to WANG Hongwei, Director of the Baishan Foreign Affairs Office. Wang told Poloff on November 1 that "not many" North Korean border-crossers had arrived this year because the North Korean side had been guarding its border "strictly." He mentioned that some North Koreans apprehended in Baishan's administrative district this year have been returned to the DPRK via the Changbai and Linjiang land ports, opposite Hyesan and Chunggang, respectively. The number of repatriations is "unclear," Wang said, because the Border Defense corps handles these issues, including the data on repatriations. (NOTE: Wang's comments--and Post has not been able to confirm their veracity--may suggest the existence of an informal, ad hoc channel for repatriations separate from Dandong and Tumen land ports, which a number of reliable, well-placed PRC contacts have told us on several occasions are the only two formal channels. END NOTE.)

14. (C) Several hundred miles south of Baishan in Shenyang, the Japanese Consulate is again home, after a brief respite earlier in the year, to more North Korean asylum-seekers. Consul Shinichi KURITA (STRICTLY PROTECT) told Poloff on November 27 that his consulate very recently acquired two new arrivals, bringing to seven the total number of North Koreans--all with previous family/historical ties to Japan--resident on the diplomatic compound. Kurita noted that the PRC of late had granted relatively speedy exit permission for Japan's Shenyang-based cases, though this had not been true across the board and no real pattern had emerged on why some cases moved quickly. He remained hopeful that some of the current seven (five have already been at the Japanese Consulate for three months) and

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particularly the humanitarian cases of several children in poor health, would be allowed to depart China before the end of the year.

CROSS-BORDER SMUGGLING, BORDER FENCING: DANDONG

15. (C) Several kilometers north of downtown Dandong, DPRK engineering troops continued fencing Yuchi Island, opposite Hushan, on November 7. LU Chao (STRICTLY PROTECT), a Korea specialist at the Liaoning Academy of Social Sciences, told Poloff in Shenyang on October 30 that according to his Dandong-based contacts, the North Koreans had built the fence to prevent, or at least reduce, the small-scale cross-border commodity smuggling prevalent in the area. Asked about the fencing on November 7, several Hushan locals said they were unsure of its purpose but said they suspected it was part of an official effort to counter smuggling. They added that the fencing (which only partially encloses the island) has had mixed effects. On the one hand, they said the North Korean border guards stationed just across the Yalu River, with whom they often used to interact (e.g., bartering, smuggling at night), no longer dare to beg them for food. On the other hand, they said the North Korean locals can and still do so, albeit with the consent of the border guards; they simply walk their way around the fence to the banks of the river to catch bags of food thrown across by Chinese on the other side.

16. (C) One Hushan resident told Poloff that a crackdown on commodity smuggling was under way on the North Korean side, with border guards searching house-to-house for commonly smuggled commodities like metals (e.g., copper). Fut another local, small-scale Hushan commodity smuggler explained that the putative crackdown has had minimal effect on his operations, as well as on those of other smugglers with whom he is friendly. He claimed to still smuggle "nearly every day," selling on the Chinese side during the daylight hours what he acquires through DPRK border-guard intermediaries after nightfall. The selection of wares shown Poloff included a North Korean bronze for RMB 1000 (USD 135), a porcelain vase for RMB 300 (USD 40),

and a variety of other statuettes and small antiques. He claimed that local Chinese police are apathetic about his operations.

¶17. (C) Nevertheless, signs of what may remain a largely rhetorical PRC campaign against smuggling (writ large) in the greater Dandong area have translated into something more formal, if yet ineffectual. During a drive along the road from Dandong south to Donggang on November 7, for example, Poloff observed a number of newly erected permanent signposts bearing metal placards warning residents against "drug smuggling," "alien smuggling," and other "illegal behaviors." The placards replaced the flimsy red banners posted in the area previously and indicated they had been authorized by the local Border Defense Committee (see refs A and B for details on earlier efforts).

DPRK FOOD SUPPLIES: JILIN

¶18. (C) A number of Chinese contacts in recent weeks have expressed concern about food shortages in the DPRK. Baishan FAO Director Wang told Poloff on November 1 that a North Korean delegation had traveled to Changchun during the week of October 22 "begging" for food aid (grain) from the Chinese. Wang and his colleagues in Baishan estimated that neighboring DPRK localities would fare worse than last year on the food/agricultural front. In Jilin Province's capital, Changchun, Korea specialists and the provincial government have been paying attention. ZHOU Weiping (STRICTLY PROTECT) of the Jilin Academy of Social Sciences

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noted on November 5 that one of her colleagues, ZHANG Feng, had recently completed an internal study of the food situation in North Korea. Unwilling to provide details, Zhou said the report was quite "sensitive" and briefed to senior provincial leaders.

BORDER OFFICIALS ON PRC-DPRK TRADE: DANDONG AND BAISHAN

¶19. (C) DANDONG. PRC-DPRK trade through Dandong rose appreciably during 2007, according to YANG Wenjia, a refreshingly professional and relatively open Director of the Dandong Foreign Trade and Economic Cooperation Bureau's Foreign Trade Administration Section. Wang told Poloff on November 7 that Dandong-DPRK trade this year looks set to rise by fifteen percent over 2006, reaching nearly USD 700 million. The DPRK remains Dandong's largest trading partner, Yang said, accounting for over fifty percent of the city's total foreign trade. He claimed that the composition of this trade has not changed appreciably this year and that UNSCR 1718 did not have a measurable impact on overall levels, even though Dandong Customs did step up inspections after October 2006.

¶110. (C) BAISHAN. PRC-DPRK trade via Baishan looks to be on track for a similar appreciation. ZHAO Lina, Chief of the Baishan Commercial Bureau's Foreign Trade Section, estimated on October 31 that Baishan-DPRK trade will end the year twenty percent higher than in 2006 (USD 180 million, according to her earlier accounts). DPRK-related trade accounts for roughly one-third of Baishan's total foreign trade; North Korean lumber and minerals, mostly transported through Changbai Port, are Baishan's largest imports. Zhao, too, cited no major changes in Baishan-DPRK trade over the past year, whether as a result of UNSCR 1718 enforcement or any other reason.

¶111. (C) On the investment side, Zhao reported that Baishan firms continue to venture across the border into North Korea, though investors tend to be mostly small firms, even if some larger ones have invested in North Korean copper, iron and mining more broadly. But the risk is considerable, Zhao explained, and benefits sometimes unclear. She offered the example of potentially investing

in North Korean lumber processing for the purpose of making flooring, one of Baishan's most lucrative exports. Labor across the border is certainly cheap--roughly RMB 3 (USD .40) per month for a worker that would cost RMB 1000-2000 (USD 135-270) per month in Baishan, Zhao claimed. But constant electricity blackouts, poor equipment, high start-up costs, sub-par transportation infrastructure, and lingering political risk temper the appetites of many local Baishan investors, notwithstanding the potential labor savings.

¶12. (C) TRADE ZONES. Proposals for new PRC-DPRK barter-trade zones in Baishan and Dandong still remain stuck in the proverbial mud, as they have for most of the year, according to border officials. Baishan has proposed, and Beijing has approved, plans for a commodity-exchange zone in Changbai, opposite Hyesan, said Zhao Lina. But the North Korean side "has not been constructive," according to Baishan FAO Director Wang, who noted that the long wait for a DPRK response continues. Wang's deputy, Vice Director LIU Fulin, told Poloff he had even traveled to Guangxi Province to study its PRC-Vietnam border zone, which he assessed was doing quite well; the hope in Changbai, he explained, would be to replicate aspects of the Guangxi model. As for Dandong, Foreign Trade and Economic Cooperation Bureau Director Yang explained that, while his city is eager for a barter-trade zone, the DPRK is simply "not ready," at least in the immediate future.

WICKMAN